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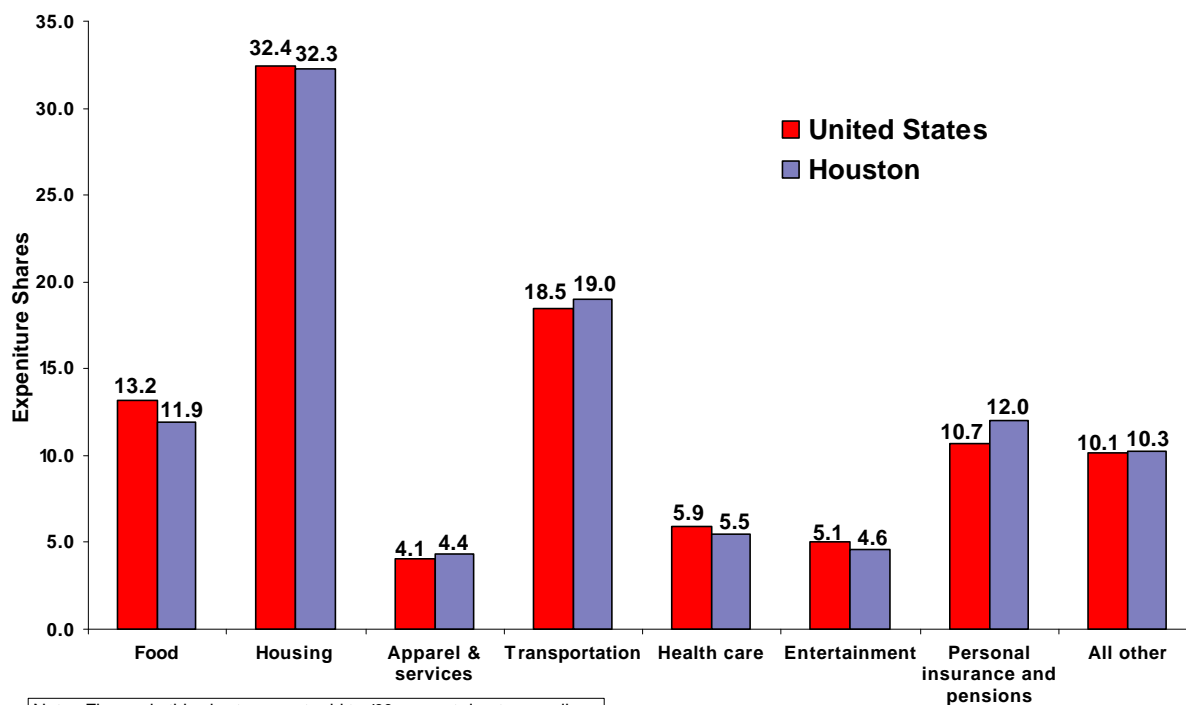
**For Release:**

**February 15, 2006**

**CONSUMER SPENDING PATTERNS IN THE HOUSTON-GAVELSTON-BRAZORIA,  
TEXAS METROPOLITAN AREA, 2003-2004**

Consumer units<sup>1</sup> in the Houston, Texas, metropolitan area spent an average of \$48,063 per year in 2003-2004, an increase of 1.1 percent from the 2001-2002 level of \$47,523, according to results from the Bureau of Labor Statistics Consumer Expenditure Survey. Regional Commissioner Stanley W. Suchman noted that local expenditures were 14 percent higher than the \$42,166 spent by the typical U.S. household in 2003-2004. While households in Houston spent more than the national average in nearly all spending categories, the shares of their total budget allocated to the various categories were quite close to the national averages. (See chart A.)

**Chart A. Percent distribution of total average expenditures, United States and Houston metropolitan area, Consumer Expenditure Survey, 2003-2004**



<sup>1</sup> See Technical Note for definition of a consumer unit. The terms household, consumer, and consumer unit are used interchangeably throughout this text for convenience.

## Consumer Spending Patterns in Houston, 2003-2004 (continued)

This report contains annual data averaged over a two-year period, 2003 and 2004. The data are from the Consumer Expenditure Survey (CE), which is collected on an ongoing basis by the U.S. Census Bureau for the Bureau of Labor Statistics (BLS). The Consumer Expenditure Survey is the only national survey that provides both complete data on household expenditures and the demographic characteristics of those households. Expenditures vary among areas not only because of economic factors such as the prices of goods and services and family income, but also because of differences such as the age of the population, consumer tastes, family size, etc. Therefore, survey dollar amounts cannot be used to make cost of living comparisons between areas. However, expenditure shares, or the percentage of a consumer unit's budget spent on a particular category, can be used to compare spending patterns across areas.

Combined expenditures for food, housing, and transportation accounted for nearly two-thirds (64.1 percent) of the typical U.S. household budget. (See table 1.) The Houston share, at 63.2 percent, was close to the national average. Miami recorded the highest share of spending for food, housing, and transportation in the South at 71.4 percent. Budget allocations were also above the national average in Atlanta (66.6 percent), but below the average in Dallas-Fort Worth (62.8 percent). (Atlanta, Dallas-Fort Worth, and Miami were selected for comparison with Houston in this release due to their southern location and similar population sizes.)

Housing, the largest expenditure category, accounted for 32.3 percent of the typical household budget in Houston, nearly the same as the 32.4-percent national share. Among the three southern areas selected for comparison, housing costs represented larger proportions of the household budgets in both Miami (39.9 percent) and Atlanta (36.9 percent). Only Dallas-Fort Worth recorded a smaller housing share (31.6 percent) than Houston. The majority of the \$15,512 spent on housing in Houston went for shelter (56.1 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items; this was below the 58.1 percent spent nationally. (See table A.) In contrast, Houston area households spent a larger than average share of their household budget on utilities, fuels, and public services -- 23.2 percent compared to 21.0 percent nationwide. At 64 percent, the rate of homeownership in Houston was close to Miami's 65 percent, but both were below the national average of 67 percent. Rates of homeownership were above average in Atlanta (73 percent) and Dallas (68 percent). (See table 2 for detailed expenditure levels.)

**Table A. Percent distribution of housing expenditures, United States and selected metropolitan areas, 2003-2004**

Category	United States	Houston	Atlanta	Dallas-Fort Worth	Miami
Total housing	100.0	100.0	100.0	100.0	100.0
Shelter	58.1	56.1	60.0	57.0	63.4
Utilities, fuels, and public services	21.0	23.2	24.6	22.7	19.5
Household operations	5.3	6.0	4.4	5.2	6.0
Housekeeping supplies	4.1	4.1	3.3	3.9	3.5
Household furnishings and equipment	11.5	10.6	7.7	11.2	7.6

Note: Numbers may not add to 100 due to rounding.

## Consumer Spending Patterns in Houston, 2003-2004 (continued)

Transportation was the second largest expenditure category in the Houston metropolitan area, accounting for 19.0 percent of the total budget. This was close to the national average of 18.5 percent, and equaled the transportation expenditure share in Dallas-Fort Worth. The average number of vehicles per household was 1.9 in Dallas, Houston, and nationwide. Lower transportation allocations were registered in both Miami (17.0 percent) and Atlanta (15.6 percent) where the number of vehicles per household was also lower, averaging 1.5 and 1.7, respectively. In Houston, 96.1 percent of the \$9,126 annual transportation expenditure went toward buying, fueling, and maintaining private vehicles, higher than the 94.7-percent national average. (See table B.) The remaining 3.9 percent of Houston area transportation budgets was spent on public transit, including taxis, buses, trains, and planes. This was below the 5.3-percent nationwide average, as well as the rate in Miami (6.6 percent). The Houston share was close to Atlanta (3.5 percent) and Dallas (4.2 percent).

**Table B. Percent distribution of transportation expenditures, United States and selected metropolitan areas, 2003-2004**

Category	United States	Houston	Atlanta	Dallas-Fort Worth	Miami
Total transportation	100.0	100.0	100.0	100.0	100.0
Vehicle purchases (net outlays)	45.7	46.6	40.0	48.3	35.1
Gasoline and motor oil	18.8	18.5	22.4	17.1	20.6
Other vehicle expenses	30.1	31.1	34.1	30.4	37.7
Public transportation	5.3	3.9	3.5	4.2	6.6

Note: Numbers may not add to 100 due to rounding.

Houston consumers spent 11.9 percent of their budget on food, below the national average of 13.2 percent. Dallas-Fort Worth households also allocated less than the U.S. average on food (12.1 percent), while Miami (14.4 percent) and Atlanta (14.1 percent) allocated more. Households in Houston spent \$3,107 or 54.2 percent of their annual food budget on food prepared at home and the remaining 45.8 percent on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs. This "eating out" distribution was higher in Houston than the 41.8 percent rate for the average U.S. household. Among the four cities selected for comparison in this release, one spent the smallest share of any of the 28 published cities on "eating out," while another spent the third-highest share. Miami households contributed just 29.6 percent of their total food budget toward food away from home whereas Atlanta averaged 46.4 percent. Dallas-Fort Worth households spent a share similar to the national average.

Payments for personal insurance and pensions accounted for slightly more than food costs in the average Houston household. Such expenditures equaled 12.0 percent of total local budgets compared to 10.7 percent nationally. The larger local figure was the result of above average contributions to pensions and Social Security. Of the three other selected areas in the South, spending for personal insurance and pensions was also above the national average in Atlanta (12.3 percent) and Dallas-Fort Worth (12.0 percent), but below the average in Miami (9.2 percent).

While each of the ten remaining spending categories accounted for smaller shares of the Houston budget, expenditures in four categories still averaged more than \$2,000 annually. Out-of-pocket health care expenses—which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical care supplies—averaged 5.5 percent (\$2,642) of total local household expenditures, below the 5.9 percent recorded nationwide. Among the three other comparison cities, only Dallas-Fort Worth spent more than the national average on out-of-pocket health care expenses (6.1 percent).

## Consumer Spending Patterns in Houston, 2003-2004 (continued)

Houston households spent 4.6 percent of their budget on entertainment, below the 5.1-percent share allocated nationally. Households in all comparison cities spent less than the national average on entertainment: Atlanta (4.8 percent), Dallas (4.1 percent), and Miami (3.7 percent).

Spending on apparel and related services in Houston accounted for 4.4 percent of household expenditures, above the national average of 4.1 percent, and the highest share among the comparison cities. Dallas-Fort Worth and Atlanta households spent 4.1 percent of their budgets on clothing-related items. In contrast, spending by consumer units in Miami was below the average at 2.7 percent.

Cash contributions--which include items such as contributions to religious and charitable organizations as well as child support and alimony payments--accounted for 4.2 percent of Houston household spending, higher than the U.S. average of 3.3 percent. Dallas-Fort Worth, at 4.6 percent, was also above the national share, while Atlanta (2.3 percent) and Miami (1.7 percent) were below.

Houston is one of 28 metropolitan areas nationwide for which Consumer Expenditure (CE) data are available. Metropolitan areas, Census regions, and national CE data are available on the BLS Internet site <http://www.bls.gov/cex/home.htm> in both text and PDF formats. For personal assistance or further information on the CE Survey or other Bureau programs, contact the Dallas Information Office at 214-767-6970 from 8:00 a.m. to 11:00 a.m. and 1:00 p.m. to 4:00 p.m. CT. This release is available in text and PDF format on the Dallas BLS Web site at <http://www.bls.gov/ro6/home.htm>. Users may also obtain the release from the Bureau's fax-on-demand service in Dallas by dialing 214-767-9613 and requesting document number 9260.

### **Technical Note**

The current Consumer Expenditure Survey (CE) program began in 1980. Its principal objective is to collect information on the buying habits of American consumers. The consumer expenditure data are used in a wide variety of research by government, business, labor, and academic analysts. The data are also required for periodic revision of the Consumer Price Index (CPI).

The survey consists of two components, a diary or recordkeeping survey, and an interview survey. The Diary Survey, completed by participating consumer units for two consecutive 1-week periods, collects data on frequently-purchased smaller items. The Interview Survey, in which the expenditures of consumer units are obtained in five interviews conducted every 3 months, collects data for larger-cost items and expenditures that occur on a regular basis. The U.S. Census Bureau collects the survey data.

Each component of the survey queries an independent sample of consumer units which is representative of the U.S. population. Over the year, about 7,500 consumer units are sampled for the Diary Survey. The Interview Survey is conducted on a rotating panel basis, with about 7,500 consumer units participating each quarter. The data are collected on an ongoing basis in 105 areas of the country.

The integrated data from the BLS Diary and Interview Surveys provide a complete accounting of consumer expenditures and income, which neither survey component alone is designed to do. Due to changes in the survey sample frame, metropolitan area data in this release are not directly comparable to those prior to 1996.

## Consumer Spending Patterns in Houston, 2003-2004 (continued)

The expenditure data in this release should be interpreted with care. The expenditures are averages for consumer units with the specified characteristics, regardless of whether or not a specific unit incurred an expense for that specific item during the recording period. The average expenditure may be considerably lower than the expenditure by those consumer units that purchased the item. This study is not intended as a comparative cost of living survey, as neither the quantity nor the quality of goods and services has been held constant among areas. Differences may result from variations in characteristics such as consumer unit size, age, preferences, income levels, etc. Users should keep in mind that prices for many goods and services have risen since the survey was conducted.

In addition, sample surveys are subject to two types of errors. Sampling errors occur because the data are collected from a representative sample rather than the entire population. Nonsampling errors result from the inability or unwillingness of respondents to provide correct information, differences in interviewer ability, mistakes in recording or coding, or other processing errors. The year-to-year changes are volatile and should be interpreted carefully. Sample sizes for the metropolitan areas are much smaller than for the nation, so the U.S. estimates and year-to-year changes are more reliable than those for the metropolitan areas.

Some expenditure components are subject to large fluctuations from one year to the next because these components include expensive items that relatively few consumers purchase each year. Thus, shifts from year to year in the number of consumers making such purchases can have a large effect on average expenditures. Examples of these types of expenses are purchases of new cars and trucks in the transportation component, and spending on boats and recreational vehicles in the entertainment component.

### Changes in 2004

Beginning in 2004 the Consumer Expenditure Survey includes imputed income estimates. While the imputed data provide more reliable income estimates because they allow the inclusion of households for which income data are not otherwise available, income data from 2004 forward will not be strictly comparable to earlier years.

This change also affects those expenditure items in the personal insurance and pensions component that are derived from income data. The increase in personal insurance and pensions in 2004 was largely due to increases in deductions for Social Security, which are computed from wage and salary amounts. As a result of the changes in 2004, income data, personal insurance and pensions, and average annual expenditures are not strictly comparable to data from previous years. (See <http://www.bls.gov/cex/csximpute.htm> for details.)

The Metropolitan Statistical Areas (MSAs) and Consolidated Metropolitan Statistical Areas (CMSAs) covered by the Consumer Expenditure Survey represent areas designated by the U.S. Office of Management and Budget and are based on definitions in effect as of December 1992. The general concept of an MSA is one of a large population nucleus, together with adjacent communities which have a high degree of economic and social integration with that nucleus. The following metropolitan areas are discussed at length in this release:

## Consumer Spending Patterns in Houston, 2003-2004 (continued)

Atlanta, Ga. MSA: Barrow, Bartow, Carroll, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Pickens, Rockdale, Spalding, and Walton Counties.

Dallas-Fort Worth, Texas CMSA: Collin, Dallas, Denton, Ellis, Henderson, Hood, Hunt, Johnson, Kaufman, Parker, Rockwall, and Tarrant Counties.

Houston-Galveston-Brazoria, Texas CMSA: Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties.

Miami-Fort Lauderdale, Fla. CMSA: Broward and Dade Counties.

### **Definitions**

**Consumer unit** - members of a household related by blood, marriage, adoption, or other legal arrangement; a single person living alone or sharing a household with others but who is financially independent; or two or more persons living together who share responsibility for at least 2 out of 3 major types of expenses - food, housing, and other expenses. The terms household or consumer unit are used interchangeably for convenience.

**Complete income reporter** - in general, a consumer unit that provides values for at least one of the major sources of its income such as wages and salaries, self-employment income, or Social Security income. Even complete income reporters may not have provided a full accounting of all income from all sources. Components of income and taxes are derived from “complete income reporters” only through 2003. Beginning in 2004, income imputation was implemented. As a result, all consumer units are considered to be complete income reporters in the 2004 data.

**Expenditures** - consist of the transaction costs, including excise and sales taxes, of goods and services acquired during the interview or recordkeeping period. Expenditure estimates include expenditures for gifts, but exclude purchases or portions of purchases directly assignable to business purposes. Also excluded are periodic credit or installment payments on goods or services already acquired. The full cost of each purchase is recorded even though full payment may not have been made at the date of purchase.

**Income before taxes** - the total money earnings and selected money receipts during the 12 months prior to the interview date.

**Table 1. Consumer unit characteristics and percent distribution of expenditures, U.S. and selected metropolitan statistical areas, Consumer Expenditure Survey, 2003-2004**

Item	United States	Houston	Atlanta	Dallas-Fort Worth	Miami
Consumer unit characteristics:					
Income before taxes <sup>1</sup>	\$53,109	\$63,981	\$56,094	\$63,098	\$51,521
Age of reference person	48.4	44.7	45.8	45.6	48.7
Average number in consumer unit:					
Persons	2.5	3.0	2.5	2.7	2.6
Children under 18	.6	1.0	.7	.7	.7
Persons 65 and over	.3	.2	.2	.2	.3
Earners	1.3	1.5	1.4	1.5	1.4
Vehicles	1.9	1.9	1.7	1.9	1.5
Percent homeowner	67	64	73	68	65
Average annual expenditures	\$42,166	\$48,063	\$37,130	\$50,304	\$39,875
Percent distribution:	100.0	100.0	100.0	100.0	100.0
Food	13.2	11.9	14.1	12.1	14.4
Food at home	7.7	6.5	7.6	7.1	10.2
Cereals and bakery products	1.1	0.9	1.0	0.9	1.4
Meats, poultry, fish, and eggs	2.0	1.7	2.2	1.8	2.9
Dairy products	0.8	0.7	0.8	0.8	1.2
Fruits and vegetables	1.3	1.1	1.4	1.2	2.0
Other food at home	2.5	2.1	2.1	2.4	2.7
Food away from home	5.5	5.5	6.5	5.1	4.3
Alcoholic beverages	1.0	0.6	1.0	1.0	1.0
Housing	32.4	32.3	36.9	31.6	39.9
Shelter	18.8	18.1	22.2	18.0	25.3
Owned dwellings	12.6	12.1	15.8	12.5	16.8
Rented dwellings	5.2	5.1	5.7	4.6	7.6
Other lodging	1.1	0.8	0.7	1.0	0.9
Utilities, fuels, and public services	6.8	7.5	9.1	7.2	7.8
Household operations	1.7	1.9	1.6	1.6	2.4
Housekeeping supplies	1.3	1.3	1.2	1.2	1.4
Household furnishings and equipment	3.7	3.4	2.8	3.5	3.0
Apparel and services	4.1	4.4	4.1	4.1	2.7
Transportation	18.5	19.0	15.6	19.0	17.0
Vehicle purchases (net outlay)	8.5	8.8	6.2	9.2	6.0
Gasoline and motor oil	3.5	3.5	3.5	3.3	3.5
Other vehicle expenses	5.6	5.9	5.3	5.8	6.4
Public transportation	1.0	0.7	0.5	0.8	1.1
Health care	5.9	5.5	4.7	6.1	4.8
Entertainment	5.1	4.6	4.8	4.1	3.7
Personal care products and services	1.3	1.5	1.2	1.4	1.3
Reading	0.3	0.2	0.1	0.3	0.1
Education	2.0	1.9	1.9	1.8	1.4
Tobacco products and smoking supplies	0.7	0.5	0.3	0.5	0.5
Miscellaneous	1.5	1.3	0.6	1.4	2.2
Cash contributions	3.3	4.2	2.3	4.6	1.7
Personal insurance and pensions	10.7	12.0	12.3	12.0	9.2
Life and other personal insurance	0.9	0.9	1.1	0.9	0.5
Pensions and Social Security	9.7	11.1	11.2	11.1	8.7

Note: Numbers may not add to 100 due to rounding.

1/ Components of income and taxes are derived from "complete income reporters" only through 2003. Beginning in 2004, income imputation was implemented. As a result, all consumer units are considered to be complete income reporters in the 2004 data.

**Table 2. Consumer unit characteristics and average annual expenditures, U.S. and selected metropolitan areas, Consumer Expenditure Survey, 2003-2004**

Item	United States	Houston	Atlanta	Dallas-Fort Worth	Miami
Consumer unit characteristics:					
Income before taxes <sup>1</sup>	\$53,109	\$63,981	\$56,094	\$63,098	\$51,521
Age of reference person	48.4	44.7	45.8	45.6	48.7
Average number in consumer unit:					
Persons	2.5	3.0	2.5	2.7	2.6
Children under 18	.6	1.0	.7	.7	.7
Persons 65 and over	.3	.2	.2	.2	.3
Earners	1.3	1.5	1.4	1.5	1.4
Vehicles	1.9	1.9	1.7	1.9	1.5
Percent homeowner	67	64	73	68	65
Average annual expenditures	\$42,166	\$48,063	\$37,130	\$50,304	\$39,875
Food	5,561	5,737	5,241	6,111	5,758
Food at home	3,238	3,107	2,809	3,554	4,056
Cereals and bakery products	451	429	386	470	550
Meats, poultry, fish, and eggs	852	813	825	897	1,142
Dairy products	349	343	290	378	484
Fruits and vegetables	548	535	523	582	798
Other food at home	1,037	987	785	1,227	1,082
Food away from home	2,323	2,630	2,432	2,557	1,702
Alcoholic beverages	425	297	353	507	389
Housing	13,676	15,512	13,711	15,891	15,907
Shelter	7,943	8,706	8,233	9,050	10,086
Owned dwellings	5,294	5,838	5,865	6,264	6,709
Rented dwellings	2,190	2,466	2,106	2,307	3,017
Other lodging	459	402	262	479	360
Utilities, fuels, and public services	2,869	3,594	3,372	3,604	3,109
Household operations	730	923	605	828	954
Housekeeping supplies	562	640	453	624	550
Household furnishings and equipment	1,572	1,650	1,049	1,785	1,208
Apparel and services	1,728	2,100	1,520	2,051	1,096
Transportation	7,791	9,126	5,794	9,574	6,791
Vehicle purchases (net outlay)	3,564	4,250	2,320	4,624	2,386
Gasoline and motor oil	1,466	1,686	1,295	1,640	1,397
Other vehicle expenses	2,348	2,838	1,975	2,906	2,562
Public transportation	413	352	204	403	446
Health care	2,496	2,642	1,760	3,063	1,924
Entertainment	2,139	2,212	1,794	2,064	1,479
Personal care products and services	554	697	432	727	523
Reading	129	117	54	128	41
Education	845	937	693	902	558
Tobacco products and smoking supplies	289	258	127	235	194
Miscellaneous	648	638	240	724	884
Cash contributions	1,389	2,003	844	2,312	672
Personal insurance and pensions	4,496	5,787	4,566	6,016	3,659
Life and other personal insurance	394	431	418	455	196
Pensions and Social Security	4,102	5,356	4,148	5,561	3,463

<sup>1/</sup> Components of income and taxes are derived from "complete income reporters" only through 2003. Beginning in 2004, income imputation was implemented. As a result, all consumer units are considered to be complete income reporters in the 2004 data.